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COULD TEXT MESSAGING BE A USEFUL TOOL FOR YOU?

Is the relatively new technology of SMS messaging set to replace more traditional methods of debtor contact?

By Ian Maxfield

TEXT messaging debtors is now a firmly established business practice for many companies engaged in consumer debt collection, and offers many advantages over traditional forms of contact such as letters and phone calls.

Not since the introduction of power diallers some 30 years ago has a technology become available that has so radically changed how we are able to interact with people in such a personal and effective way.

With the number of mobile phones in the UK exceeding 110 phones for every 100 adults it's no wonder the use of text messaging across all areas of business is a phenomenon that only looks set to keep growing.

Strategy

The most effective use of SMS is to develop workflows that incorporate messaging strategies into your existing collections routine.

By using professionally-designed strategies that send the right message to the right person at the right time you can achieve improved contact rates and costs. It is not uncommon for a collections agency or debt purchaser to achieve response rates of between 25% and 40%, and for in-house collections operations to achieve 60% plus, dependent on the risk category.

In general there are three main SMS strategies that can be deployed: day-to-day collections, payment reminders and broken arrangements.

By using SMS messages in your day-to-day collections workflows you can automate messages being sent at specific points of the collections process, dependent on what your key system drivers are.

For instance if you work on days delinquent then you can specify different messages to go on different

days, and if your system is based on days since last letter then you can use this instead.

Payment reminders usually consist of sending the customer a gentle reminder a couple of days in advance of any due payment which, as well as reducing the number of broken arrangements, can also be viewed positively as a service by customers in today's hectic world.

Sending SMS messages on broken arrangements is another way of improving collection rates and increasing the speed of money getting to you.

Strategies can be specific to your business, giving you the flexibility to send different messages for different types of debt

Messages can literally be sent as soon as a payment has been missed, ensuring the debtor knows you are professional and making contact while the money is still there to collect.

Linking these messages to payment systems such as a mobile payments or automated IVR's can ensure payment is collected quickly and efficiently, whilst allowing your telephone collectors to concentrate on more difficult cases.

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By deploying a strategic approach you are also able to build in messages that follow on, enabling the message content to be progressive and persuading more customers that it is in their best interests to contact you.

By making use of delivery reports showing when a message has been successfully delivered to a mobile phone you can eliminate repeated attempts at contact and the associated

costs, while at the same time ensuring cases are progressed by alternative methods without delay.

Other applications

Remember, when deciding how best to use SMS within your workflows, that you are not limited to sending messages to mobiles. Many organisations send messages to landlines as well and, though perhaps not quite as effective, it is still worth considering.

Messages sent in this way are converted to a voice message and, if you deal with the right company, they will know how to make the message sound professional.

On large campaigns, modern systems will enable you to manage your incoming calls by setting daily limits, scheduling

messages over different time periods or at an hourly rate and even pausing, speeding up or slowing down live campaigns.

A text message is a guaranteed way of getting information to a customer quickly and at a relatively low cost. As well as strategic campaigns designed to send messages in bulk, there are alternative applications such as email2text or one2one messages that enable collectors to send immediate personalised SMS messages to customers as confirmation of a conversation.

Gone are the days when a debtor could claim they did not pay as they could not remember your bank details – you sent them by text.

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